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INTERNATIONAL NEWS

Eurozone economy continued to strongly expand in Q2 2022: S&P Global

The eurozone economy continued to expand at a strong rate midway through the second quarter this year as recently-relaxed COVID-19 restrictions supported a sustained uplift in activity levels, according to S&P Global, which recently said the primary driving force behind the latest expansion was once again the eurozone's dominant service sector as ongoing supply-side disruptions, the war in Ukraine and subdued demand for goods restrained manufacturing output growth.

Despite service sector resilience, there was an overall loss of momentum within the sector in May, leading private sector business output to rise at the slowest pace since January amid fading post-pandemic catch-up effects, growing uncertainty and rapid inflation, S&P Global said in a press release.

Nevertheless, combined new business intakes across manufacturing and services firms continued to grow in May, while there was further evidence of squeezed capacities as backlogs of work rose once again.

The seasonally adjusted S&P Global eurozone purchasing managers' index composite output index fell to a four-month low of 54.8 in May, down from 55.8 in April.

While the headline measure was still indicative of economic growth across the euro area, it also highlighted a loss of momentum. This slowdown was exclusively a result of a softer service sector expansion amid signs that the post-lockdown rebound was losing some strength.

Nevertheless, services activity continued to rise at a robust pace and masked clear weakness within the goods-producing sector. Although manufacturing output growth edged slightly higher from April's 22-month low, it was subdued and below its long-run average.

Of the monitored euro area constituents, Ireland was the fastest-growing economy in May. That said, the expansion there slowed to a four-month low.

Slowdowns were more or less broad at a country level during the latest survey period, with Spain the only exception as the rate of growth here was unchanged since April.

At the other end of the spectrum, Italy was the worst performer and recorded a modest expansion in private sector output. Latest survey data pointed to a further increase in new business receipts across the euro area private sector in May.

Source: fibre2fashion.com– Jun 07, 2022

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Global economy in grip of tailwinds

The Ukraine war, ensuing sanctions, EU embargo on Russian oil and China's opening up can raise inflation

The course of the Russia-Ukraine war was always going to be uncertain, given the rather recalcitrant stance taken by the former even after sanctions were imposed. The emerging situation in China and the EU embargo on Russian oil over the next six-eight months have added a new dimension to global prices, growth and trade.

With the war, commodity prices had spiked with supply distortions getting exacerbated as energy, metals and farm products like wheat and edible oils became vulnerable. This resulted in a spurt in commodity prices for the second time after 2021.

Central banks sprang into action by commencing the process of raising interest rates. With higher interest rates and inflation, economists started talking of stagflation as a global slowdown and inflation looked very much on cards.

All growth forecasts were revised downwards gradually, but surely. The war became a new crisis affecting all countries and the difference from the pandemic is that it is a man-made one. The war has crossed 100 days with no end in sight.

In China, fear of a new wave of Covid led to a stringent lockdown for two months. With the Chinese economy coming to a virtual standstill (though different from 2020), the overall demand in the world economy slowed, thus providing some relief from the relentless price increase. This was unexpected and hence reduced the pace of economic activity.

A China slowdown meant two things for the other economies. The first is that demand slowed and exporters from other countries had to search for other markets.

The second is with limited movement of goods from China, importers had to also scout for other suppliers as prices increased.

Russian oil

Meanwhile, the EU embargo on Russian oil implies that Russia will be pushed back further in terms of forex earnings, and the EU will have to get oil from other sources. Now the oil dynamics is quite interesting.

Russia would be the third largest or joint second largest producer of crude oil based on 2021 data. Per IEA, out of the total production of 95.6 mbpd, Russia produced 10.78 mbpd while Saudi Arabia was a tad ahead at 10.84 mbpd. The US is the largest producer with 18.9 mbpd.

Russia exports nearly 10 per cent of its production, which at 1.1 mbpd may not look big. But the limited scope for expansion in production in other nations due to under-investment in the past has pushed up the price. Of this, around 750,000 mbpd goes to Europe. With this amount being blocked, it means that the EU will have to look at alternative sources that will push up demand in the global market and put pressure on prices.

Crude oil price had been largely stable, in the $110/barrel range, for quite some time and it was felt that the worst was over for the global economy in terms of commodity prices.

But now clearly this is not the case. With a rather tenuous demand-supply matrix emerging in the oil market after Russia being nudged out, a slight increase in demand would put pressure on prices and make them volatile. This means we should be prepared for higher volatilityin prices as hopes of crude prices going down to double-digit levels look distant now.

This development goes along with China emerging from the lockdown. With two months of virtual, static or limited economic activity, China will be aggressively focussing on growth and this comes at a time when inflation is already high.

China is one of the largest consumers of metals and agrarian products. A sudden revival driven by the quest for rapid growth has the potential to further ratchet up up inflation.

Two scenarios

Hence if the two developments are put together, two things look likely. The first is while the West may slide in terms of growth with the aggressive monetary policy positions being taken by central banks, inflation will continue to accelerate with China re-entering the market. Hence the commodity boom in 2021, which was expected to end in 2022 with stability being predicted by the World Bank, may reappear with a difference.

In 2021 it was due to good times emerging as countries came out of the Covid-induced lockdowns and moved to normalcy and economies boomed on the back of low base effects. This was manifested in both commodity prices and growth rising, which is not a bad thing for policymakers as jobs get created as consumption and investments accelerate.

This time, the difference is that while growth is slowing in most countries, inflation will be moving at a faster pace. This is why economists are talking of possible stagflation, though technically the concept of stagflation requires growth to be negative for two successive quarters, which is not presently being witnessed. But going forward one cannot tell.

The Russia-Ukraine war has been quite singular from other battles that have been fought, especially in West Asia in the past. A war which is still entirely localised to one country has global economic effects, mainly because the tool being used by the Western powers to push back Russia from Ukraine are economic tools rather than direct military intervention. Iran was different because it had nothing except oil to offer and hence the spillover effects were minimal.

This combination of war and sanctions has turned out to be more pernicious in terms of supply disruptions of food, fertiliser and energy in particular, leading to fresh rounds of inflation. It has led to an economic contagion over which there is little control as globalisation has made economic borders extremely porous. Polices have to be alert while in reactive mode.

Source: thehindubusinessline.com– Jun 06, 2022

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Fashion brands fail to tackle waste and unfair pay, says industry report

The fashion industry is producing twice as many emissions as permitted if it is to meet UN climate targets in less than eight years, and must urgently reform its recycling and waste practices as well as pay systems, a report from a non-profit industry group has found.

The sector is falling well short of the UN sustainability goals for 2030 that more than 150 brands have signed up to, concludes the Global Fashion Agenda, a wide coalition that includes the Ellen MacArthur Foundation and trade body Textile Exchange.

While there was progress in resource stewardship, work environments and material choices, the industry was behind on wage systems and so-called circularity, based on anonymised data collected by the Higg industry reporting tool.

Only 10 per cent of brands disclosed the number of workers in their supply chain that were covered by collective bargaining agreements, while only 9 per cent reported how many of their suppliers had elected trade unions. Just 14 per cent said their company's products were made with materials that could be recycled where they were sold.

While longevity, reuse and recycling of clothing were crucial to reducing emissions and plastic pollution, the GFA noted that less than 1 per cent of textile waste was being recycled into fibres for new clothes. Clothing production doubled between 2000 and 2015 but the use of an item of clothing decreased by 36 per cent, according to the Ellen MacArthur Foundation.

About 200 brands used the Higg system to measure their performance in 2020, while 500 more have committed to implementing it by 2024. Swedish fashion giant H&M disclosed its Higg scores for the first time this week, pledging to increase its total scores by 2 per cent next year.

On its present trajectory, by 2030 the industry will have produced about twice the volume of emissions permitted to align with the Paris climate agreement, according to a recent McKinsey report. To reach its targets, it would have to reduce its emissions by 45 per cent by 2030.

Globally, the industry was responsible for about 4 per cent of the total greenhouse gas emissions in 2018, McKinsey calculated. At least two-thirds of a brand's environmental footprint was attributed to its choice of materials. Fossil fuel-based synthetic materials and recycled synthetics make up more than half of total fibre production, according to the European Commission, and up to 500,000 tonnes of synthetic fibres from textiles were released into oceans every year.

At the UN COP26 in Glasgow last year, about 150 brands, including luxury groups Kering and LVMH, updated the targets laid out in the 2018 Fashion Industry Charter for Climate, pledging to halve emissions by 2030 to limit global warming. However, the signatories represent just a fraction of the huge apparel and footwear industry.

Source: ft.com– Jun 06, 2022

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Sri Lanka's Garment Makers Brace for 20% Drop in Orders

As Sri Lanka teeters on the brink of economic collapse, the country's garment manufacturers are bracing themselves for 20 percent fewer orders, the industry's leading trade group said.

In a statement released late last month, the Joint Apparel Association Forum (JAAF) warned of "serious negative consequences" if policymakers continue to drag their feet on the sweeping reforms required to put the island nation back on track. The crisis has brought about widespread food, fuel and medicine shortages, sky-rocketing inflation and mass protests calling for the president's resignation.

The JAAF said that despite the apparel sector's "outstanding resilience" in sticking to its production schedules, next season's orders could see as much as a one-fifth reduction due to softening global consumer sentiment. To address the industry's growing volatility, the government needs to engage with industry experts to develop a practical and apolitical economic recovery roadmap, it added.

"The need of the hour," said JAAF secretary-general Yohan Lawrence, is to ensure that Sri Lanka maintains the confidence of its buyers in the face of unprecedented adversity. The last thing the country needs is an exodus of brands looking to de-risk their operations.

"For more than 30 years, including multiple global and regional economic downturns, the Sri Lankan apparel industry has meticulously built a reputation that reflects the highest levels of reliability, quality and sophisticated technical capabilities," Lawrence said. "Owing to unprecedented national economic mismanagement, this sector, which has long served as a fundamental pillar to the Sri Lankan economy, is now under serious threat."

Any strategy to stabilize the economy, he said, must prioritize support to apparel manufacturers large and small. Employing 350,000 workers, Sri Lanka's 1,000-plus factories supply nearly half of all merchandise exports and contribute 6 percent of the island nation's gross domestic product. "We need sustainable, decisive solutions and we need them now," Lawrence added.

Most critical is a stable energy supply to ensure operational continuity. Large Sri Lankan manufacturers that have embraced renewable power, in particular solar, he noted, have been able to ride out the worst disruptions by optimizing their energy consumption.

“There is potential to build on these initiatives over the medium term,” Lawrence said. “However, what can be done is limited if the government is unable to meet its obligations in terms of energy supply. Given the success of renewables, it is clear that the state-owned energy suppliers must also place renewed emphasis on such sources.”

The JAAF is also backing a demand from the Joint Chambers of Commerce to abolish the 20th amendment, which expanded the powers of the now deeply unpopular president in 2020. Eliminating this clause is the “first step” to overhauling Sri Lanka’s political culture, the organization said.

“All Sri Lankans, including those in positions of power today agree that the root of the nation’s economic woes is in its dysfunctional political culture,” Lawrence said.
“In order to achieve meaningful economic recovery, we need political leaders willing to sacrifice their own interests in order to advance those of ordinary citizens.

Without this systemic change, we cannot achieve the stability necessary to navigate our way out of the current crisis.”

Source: sourcingjournal.com– Jun 06, 2022

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Turkiye saves billions, cuts carbon emissions through 'Zero Waste'

Since its inception in 2017, Turkiye's 'Zero Waste' project has given back more than $1.8 billion (TL 30 billion) to the economy that would typically have been wasted. In addition, it saved 265 million trees and prevented the emission of 3 million tonnes of greenhouse gas into the atmosphere, according to its ministry of environment, urban planning and climate change.

Zero waste is the main theme of the Environment Week, observed between June 1 and June 7 for the first time, and the government hopes to raise more awareness about the issue with nationwide events celebrating recycling and other environment-friendly practices. The ministry recently announced its latest figures related to the project.

The project was initially implemented in government offices, with several ministries adopting the scheme by sorting out their waste at the source instead of random disposal. The number of public agencies and private companies adhering to the practice reached 140,000 in five years.

Ministry figures show the country's recycling rate, which was 13 per cent when the project kicked off in 2017, was 25 per cent in 2021. The ministry said in a statement that its next goal was to bring it to 35 per cent in 2023, according to a report in an English-language daily in Turkiye.

It also engaged in massive cleanup campaigns of seas under the project 'Zero Waste Blue'. As of 2022, the amount of maritime waste collected and delivered to proper disposal facilities reached about 134,000 tonnes.

In the three years since the government introduced a paid plastic scheme, use dropped by 65 per cent, preventing some 550,000 tonnes of plastic waste, equivalent to a savings worth about $230 million (TL 3.8 billion). This, in turn, prevented more than 22,000 tons of greenhouse gas emissions.

Turkiye also promotes the campaign abroad. In Rwanda's capital Kigali, the Yunus Emre Institute is teaching students to recycle waste into useful materials to protect the environment and generate wealth.

The initiative targeting students at the University of Rwanda and surrounding communities is being implemented through the institute's Craft Days Programme.

Materials produced from waste include flags, baskets and decorative products.

Source: fibre2fashion.com– Jun 07, 2022

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Production cost of woven fabric remains highest in Italy, lowest in India: ITMF report

Producing one meter of woven fabric from cotton 1-1/8" in a continuous open width process (COW) costed $1.36 /metre on average in 2021. Cost was highest at $1.91/metre in Italy and lowest in India at $1.11/metre, reveals latest edition of International Production Cost Comparison (IPCC) from International Textile Machinery Federation.

The report calculates production costs of different textile products in primary textile industry markets based on various elements at each stage of value chain. Besides traditional markets of Bangladesh, Brazil, China Egypt, India, Indonesia, Italy, Korea, Pakistan, Turkey, the US and Vietnam, the edition also analyzes production costs of different textile products in Central America and Mexico. Analyzed products include texturing, weaving, knitting, and finishing segment.

Woven fabrics forms 19% of total fabric production costs in 2021

The report states, cost of finished woven fabric formed 19 per cent of total fabric production cost across the world in 2021.Fabric production costs ranged from 15 per cent in Korea to 22 per cent in Central America. Rise in yarn prices led to an increase in production costs by 19 percentage points on average.

Fabric production costs increased in the range of 14 percentage points in Egypt and 26 percentage points in Italy in 2021. Weaving increased production costs by 31 percentage points and was in the range of 26 percentage points in Egypt and 33 percentage points in the US, Turkey, and India.

Average cost of raw materials needed to produce a meter of woven fabric formed 31 per cent of fabric's production cost. Raw material costs ranged between 22 per cent in Italy to 40 per cent in Egypt.

Energy dominates fabric production cost in Mexico, Central America

With power costs forming 28 and 25 per cent of production costs, Mexico and Central America remained more dependent on energy cost for spinning NE/30 yarn then other countries. On the other hand, the US, and

Egypt were less dependent on energy cost for apparel production. Energy costs formed 10 and 11 per cent of their total manufacturing costs, respectively.

Labor costs determine fabric production in Italy and the US

Fabric production costs in Italy and the US remained more dependent on labor costs during 2021. Labor costs constituted 40 and 30 per cent of production costs in these two countries.

However, labor costs made up only 2 to 3 per cent of total manufacturing costs in India, Pakistan, Bangladesh, and Egypt. Capital costs was 40 per cent of production costs for spinners of NE/30 yarn in Egypt, Central America and Pakistan. In 2021, spinners in Italy and Korea Rep faced lower capital cost at 21 per cent.

Source: fashionatingworld.com– Jun 05, 2022

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Retail trade volume fell by 1.3% in Apr in euro area, EU over Mar

The seasonally-adjusted volume of retail trade decreased by 1.3 per cent in April this year both in the euro area and in the European Union (EU) compared with March, according to estimates from Eurostat, the EU statistical office. In March, the retail trade volume increased by 0.3 per cent in the euro area and by 0.6 per cent in the EU, an official release said.

The calendar-adjusted retail sales index increased by 3.9 per cent in the euro area and by 5 per cent in the EU in April this year compared with April 2021.

Among member states for which data are available, the largest monthly decreases in the total retail trade volume were registered in Slovenia (minus 7.7 per cent), Germany (minus 5.4 per cent) and Latvia (minus 3.9 per cent). The highest increases were observed in Spain (5.3 per cent), Luxembourg (3.7 per cent) and Ireland (1.9 per cent).

The highest yearly increases in the total retail trade volume were registered in Slovenia (29.6 per cent), Poland (21.1 per cent) and Malta (17.5 per cent). The largest decreases were observed in Finland (minus 3.4 per cent), Luxembourg (minus 2.9 per cent) and Belgium (minus 1.9 per cent).

Source: fibre2fashion.com– Jun 06, 2022

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ICC Bangladesh backs avoiding hard loans, discouraging luxury imports

The International Chamber of Commerce Bangladesh (ICCB) has strongly endorsed the recent recommendation made by the ministry of finance to avoid hard loans and discourage the import of luxury goods as this may reduce pressure on declining foreign exchange reserves. This will send a positive signal to the market and the economy as well as curb inflation, it said.

The trade body also endorsed recent austerity and regulatory measures by the government and the Bangladesh Bank aimed at curbing non-essential imports and suspending the implementation of projects with high import components, according to Bangladeshi media reports.

ICCB also backed the demand by businesses not to raise power and gas rates, fuel prices as well reduce corporate tax rates during the upcoming budget as these will be helpful in containing the inflation, said ICCB president Mahbubur Rahman at its 27th annual council meeting in Dhaka recently.

Source: fibre2fashion.com– Jun 06, 2022

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NATIONAL NEWS

PLI scheme 2.0 in works for textiles with 'suitable' investment criteria

In an interview with CNBC-TV18, Upendra Prasad Singh, Secretary, Ministry of Textiles, spoke about a refreshed production-linked incentive (PLI) scheme for the textile industry and said 6-7 lakh bales of summer cotton will help soften prices.

The government is in the process of formulating a 2.0 version of the production-linked incentive (PLI) scheme for the textile industry, Upendra Prasad Singh, Secretary, Ministry of Textiles, told CNBC-TV18.

As part of PLI 1.0 for the textiles sector, 64 applicants were approved. But to be a successful applicant, the government had sought a minimum investment of Rs 100-300 crore and a minimum turnover of double the investment amount.

“By and large, there is kind of a consensus that next round of PLI should be for apparel and garments, with suitable investment and turnover limits because investment in the garment and apparel is usually less, even though output versus investment ratio is usually pretty high," he said.

This means the minimum investment criteria of Rs 100-300 crore could see a tweak in PLI 2.0 for the textiles sector.

The textiles ministry secretary said as and when PLI 2.0 gets approved, it would be for garments and apparel, and "whether it is knitted or woven will not make a difference."

Cotton prices have started softening of late after being high for a while and Singh told CNBC-TV18 that more availability, especially 6-7 lakh bales of summer cotton, will further help correct the soaring prices.

"It's not only cotton prices, almost all raw material prices are high. Cotton prices are high all over the world. Being an internationally traded commodity, cotton prices generally move in tandem with the prices in the international market," Singh mentioned.

"Having said that, prices, of late, have started softening. To give you an example, a common variety of cotton, called Shankar-6 (28-millimeter staple cotton grown in Gujarat) was costing Rs 1,01,500 per candy as of May 20, and now that has come down to about Rs 93,500 per candy," he said.

He added, "About 6-7 lakh bales of summer cotton and some early cotton from northern states like Punjab should mean softening of prices over the next few months till new crops arrive towards the end of September or beginning of October."

The situation in the textile industry became grave when some southern spinning mills shut shop due to the non-availability of cotton at affordable rates. Cotton prices more than doubled in the past year.

He highlighted that overall textile exports witnessed a growth of 8-10 percent for the first two months of FY23, with the apparels and garments segment seeing a growth of 20 percent. However, at the current prices, exports of raw cotton and cotton yarn have witnessed a fall, he said.

The reduction in cotton exports has partially been by design as the domestic industry’s needs are being prioritised and also because, at current prices, exports may not be feasible since the domestic rates are on par with the global prices.

“Yes, right now with this price, raw cotton and cotton yarn, their exports have fallen and one can say that it's required because we need more raw cotton in the country. So, the reduction has been because of the lesser export of raw cotton and cotton yarn but overall textile exports have shown growth,” Singh said.

Singh reassured that there was no dearth of cotton yarn and, with softening of raw cotton, yarn prices will soften as well.

Watch the video for the full interview.

Source: cnbctv18.com– Jun 06, 2022

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Raw cotton export not feasible right now; PLI 2.0 on the anvil, says textiles secretary

Cotton prices rose from Rs 44,500 per candy in February 2021, when an 11 percent import duty was levied on cotton, to Rs 90,000 per candy in March 2022. The rates of this much-sought-after commodity in India have more than doubled in the past year.

Amid high cotton and yarn prices plaguing the sector, the government is formulating a second production-linked incentive (PLI) round - or PLI 2.0 - for the textile industry, revealed Textile Secretary Upendra Prasad Singh on June 6.

PLI 2.0 for textiles on the cards

"The next round of PLI scheme should be for apparel and garments and whether it is knitted or woven, it won't make a difference. We are in the process of formulating it, and will take it to the Cabinet as soon as possible," Singh said in an exclusive interview with CNBC-TV18.

Any government scheme which has an outlay of more than Rs 1,000 crore needs a Cabinet approval, he added. In the first PLI round, the textile industry attracted Rs 6,500 crore in terms of incentives, compared to Rs 10,000 crore incentive that the government offered.

"In PLI 1, we gave approval to 64 companies and got investments as we had expected, but since the number of products allowed under PLI was limited, the turnover was lesser than expected," he explained.

Himatsingka Seide, Trident, Gokaldas Exports, Monte Carlo Fashions, Arvind, KG Denim, Aditya Birla Fashion, and SVP Global Textiles are a few applicants that were approved in the first PLI round for the textile industry.

Cotton exports not feasible in present scenario

High cotton prices and southern spinners shutting down mills due to the nonavailability of cotton at affordable prices are some of the pressing issues that plague the textile industry right now.

Besides, the initial trade numbers for May indicate that textile products, fabric, and spinning products showed a fall from year-ago levels. The textile secretary attributes the reduction to less export of cotton yarn and raw cotton.

Even amid a fall in cotton exports that affected the overall trade of textile products, Singh does not foresee any harsh steps that could be taken by the government.

"We avoid taking extreme measures that could disrupt the market, which is why we have not gone for a ban on cotton exports, but we have always tried to engage all stakeholders - from spinners to manufacturers because India's textile sector has a fragmented value chain."

However, the overall 'exports' of textile products increased by 8-10 percent in the first two months of the current fiscal, Singh told CNBC-TV18, adding that, if one goes segment-wise, then apparels and garments showed a growth of 20 percent in exports, in spite of high cotton and yarn prices.

With respect to the export of textiles, the government held two rounds of discussions. It was decided on May 17 that an informal textile advisory group be formed - which again met on May 29.

It was then that Textile Minister Piyush Goyal and other industry experts decided that the demands of the Indian industry -local cotton, yarn demand- must be fulfilled first, before exports.

"Right now, raw cotton export is not feasible as prices in India are at par with international prices and when one adds the logistics cost, the export is not feasible," Singh noted.

Softening of cotton prices of late

Since cotton is an internationally traded commodity, prices in India move in tandem with global markets, said the textile secretary, adding that cotton prices, from the start of the new cotton season in 2021, have been high not just in India, but all over the world.

However, he asserts that of late, prices have started softening, although there hasn't been a drastic reduction. Illustrating this with an example, he explains that the price of a common variety of cotton- 'Shanker-6', which is a variety of 28-millimetre staple cotton and is grown in Gujarat, was Rs 1,01,500 as on May 20, and now that has come down to Rs 93,500 per candy.

Import orders that were placed during April and May will start arriving in July. "We will also get 6-7 lakh bales of summer cotton, and some early cotton is also expected from northern states such as Punjab," said Singh.

Due to all these factors, cotton should see a softening trend over the next few months till the new crops arrive by the end of September or the beginning of October, according to him.

Source: moneycontrol.com– Jun 06, 2022

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FTAs with UAE, Australia to boost exports, says MoS for Commerce and Industry Anupriya Patel

Free trade agreements (FTAs) with the UAE and Australia will help promote exports of goods such as garments, engineering products, handicrafts, textiles, and agri processed items, Minister of State for Commerce and Industry Anupriya Patel said on Monday. Department of Commerce organised a stakeholders outreach programme on FTAs for the exporting community in Agra.

Speaking at the event, she said the government is committed to taking all necessary efforts to increase exports from the country.

Patel said exporters of Uttar Pradesh can use these FTAs as an instrument to promote outbound shipments in areas like garments, engineering, handicrafts, handloom textiles, agri processed products and sports goods.

Also speaking at the event, Sanjay Leekha, Chairman, Council for Leather Exports (CLE), said some of the pending demands like exemption of duty on imports of wet blue, crust and finished leather should be considered by the government.

FTAs with the UAE and Australia are going to help the Indian leather and footwear exporters to explore these markets in a big way, Leekha added.

Anant Swarup, joint secretary, Department of Commerce, said duty free access is one of the instrument that helps in making domestic exports competitive compared to competing countries like China, Bangladesh, Vietnam and Thailand.

"India-UAE and Australia FTAs have been signed to facilitate the duty free access for exporters," he added.

Srikar K Reddy, joint secretary in the department, gave a detailed presentation on the FTAs.

Source: economictimes.com– Jun 06, 2022

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India's trade with Gulf Cooperation Council increasing at rapid pace

India's trade with Gulf nations has come into prominence after a diplomatic row over derogatory comments made by the ruling BJP's spokespersons against Prophet Muhammad.

Here is a look at bilateral trade India has with the Gulf nations: India imports predominately crude oil and natural gas from the Gulf nations like Saudi Arabia and Qatar, and exports pearls, precious and semi-precious stones; metals; imitation jewellery; electrical machinery; iron and steel; and chemicals to these countries.

During 2020-21, India imported goods worth USD 110.73 billion from the six GCC (Gulf Cooperation Council) nations. Its merchandise exports stood at USD 44 billion to these nations.

Besides trade, Gulf nations are host to a sizeable Indian population. Out of about 32 million non-resident Indians (NRIs), nearly half are estimated to be working in Gulf countries.

These NRIs send a significant amount of money back home.
According to a November 2021 report of the World Bank, India got USD 87 billion in foreign remittances in 2021. Of this, a sizeable portion came from the GCC nations.

Trade with GCC nations:

1. Saudi Arabia: It was the fourth-largest trading partner last fiscal. Total bilateral trade has increased to about USD 43 billion in 2021-22 from USD 22 billion in the previous fiscal.

2. Qatar: India imports 8.5 million tonnes a year of LNG from Qatar and exports products ranging from cereals to meat, fish, chemicals, and plastics. Two-way commerce between India and Qatar rose to USD 15 billion in 2021-22 from USD 9.21 billion in 2020-21.

3. Kuwait: It was the 27th largest trading partner of India in the last fiscal. Bilateral trade has jumped to USD 12.3 billion in 2021-22 as compared to USD 6.3 billion in the previous financial year.

4. UAE: It was the third-largest trading partner of India in 2021-22. India's bilateral trade with the nation increased to USD 72.9 billion in 2021-22 as compared to USD 43.3 billion in 2020-21.

5. Oman: It was the 31st largest trading partner of India in 2021-22. India's bilateral trade with the nation has increased to about USD 10 billion in 2021-22 as compared to USD 5.5 billion in 2020-21.

6. Bahrain: Two-way commerce with India stood at USD 1.65 billion in 2021-22 as against USD 1 billion in 2020-21.

Besides, India's bilateral trade with Iran aggregated to USD 1.9 billion in 2021-22 as compared to USD 2.1 billion in 2020-21.

Source: financialexpress.com– Jun 06, 2022

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In a historic first, weavers import cotton yarn

For the first time in the history of the country's textile industry, India is witnessing import of cotton yarn to ensure seamless supply of the important raw-material to weavers and textile mills. The imported cotton yarn is nearly Rs 30 (per kg) cheaper than the yarn being sold by local spinners.

Speaking to FE, Atul Ganatra, president, Cotton Association of India, claimed, "Although India has imported cotton many times in the past, this is the first time that cotton yarn traders and brokers have decided to import cotton yarn. This is unprecedented."

"Nearly 200 containers (4,000 tonnes) of 40 counts of combed-carded compact cotton yarn have arrived at Indian ports from Vietnam, Indonesia and Taiwan," Ganatra said.

Not only that, some of the weavers and textile mills in the country have purchased imported cotton yarn from traders in smaller quantities for testing purposes and if they finnd it suitable they are likely to give bigger orders for the imported cotton yarn.

After China, India has the world's second largest spinning capacity. The nation is producing 4.7 mt of spun yarn of which 3.4 mt is cotton yarn. According to the CAI president, weavers and textile mills consume nearly 60 to 65% of the total cotton yarn being produced in domestic spinning mills and the rest is exported.

"Considering the huge installed capacity of spinning units in the country, Indian weavers never had to import cotton yarn in the past. However, for the first time they are forced to buy imported cotton yarn this year as it is nearly Rs 30 (per kg) cheaper than the yarn being sold by the local spinners," he said.

Unlike cotton, the Government of India (GoI) has not removed import duty on cotton yarn. However, there is no import duty on cotton yarn being imported from Vietnam and hence importers are taking advantage of this.

Prices of cotton in the domestic market are much higher than international prices and hence production cost of spinning units in India remains high, said Jayesh Patel, executive committee member of Confederation of Indian Textile Industry (CITI). Patel claimed that the spinning industry in India is currently operating at half of its installed capacity due to lower demand. In the wake of import of cotton yarn, spinning units across the country will have more challenges to sell their end products, he added.

Bigger companies like Welspun have already started importing cotton. “We have a huge installed capacity to make cotton yarn and hence the Welspun group is importing cotton from Egypt. Despite imports of cotton, we are able to make cheaper yarns for our weaving units,” said Chintan Thaker, president, Welspun Group.

Similarly, Ahmedabad-based Chiripal Group company Nandan Terry has decided to import 100 mt of cotton from Nigeria. Ronak Chiripal, CEO of the company, said, “Rising cotton prices have increased the volatility in the business projections with respect to profits as margins have come under pressure. We had anticipated this possibility and taken precautionary measures like cotton hedging. We have not cut down on production and are operating at full capacity.

”Except bigger spinning units which have purchased cotton at relatively lower cost, most of the spinning units are struggling to continue operations,” said Gautam Dhamsania, owner of Rajkot-based Narmada Spinning, adding, “There is a dearth of quality cotton in the domestic market. Most of the spinners will have to wait till fresh arrival of cotton from October this year.”

Cotton stock of textile mills is exhausting fast and hence there would be further import of cotton yarn for next 3-4 months which could take the tally of imported cotton yarn up to nearly 1,000 containers. Simultaneously, composite textile units like Welspun would continue importing raw cotton till the fresh arrival of cotton in the domestic market.

Source: financialexpress.com– Jun 07, 2022

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CM to launch textile and leather policy tomorrow

Nitish Kumar will formally launch the Bihar Industrial Investment Promotion (Textile and Leather) Policy, 2022 or Bihar Textile and Leather Policy on Wednesday.

The new policy, approved by the state cabinet on May 26, is aimed at opening new doors for establishment of textile and leather industries in the state. For this purpose, the state industries department has made several provisions for various types of incentives, including capital investment subsidy, employment generation subsidy, power tariff subsidy, freight reimbursement incentive, patent registration and skill development subsidy.

“With all such provisions like interest subsidy on loan, reimbursement of SGST, exemption on stamp duty, registration and exemption on land conversion, companies from the leather and textile sector will definitely be attracted for investment in Bihar,” industry minister Syed Shahnawaz Hussain told reporters on Monday.

Shahnawaz said after the ethanol policy, investors have approached for the textile and leather policy. “It seems the textile companies are looking at Bihar as the best investment destination. We have enough land. The chief minister has given the closed sugar mills and another 2800 acres of land to the industries department. We want to provide land to textile companies coming to Bihar with ‘plug and play’ facilities, so that industries can be established at a faster pace,” he said.

“It seems, for the first time, the intention of people from the textile and leather sector across the country is to invest in Bihar. We have made the best policy of the Country,” he added.

The minister further said Bihar will become a major textile hub of the country. “Only Bihar can give a tough competition to countries like Bangladesh and Vietnam in the textile sector,” Shahnawaz said. He further said the biggest strength of Bihar is its trained manpower. He said in the textile companies across the country, including at Tiruppur, Surat, Ahmedabad, Mumbai and Chandigarh, most of the skilled or semi-skilled workers are from Bihar.

“The population of Bihar is 14 crore, but whichever companies invest in Bihar will get a big market for the population of about 54 crores of neighbouring countries like Nepal, Bhutan and northeast states. Now, we have given another slogan of ‘Now come back to Bihar’. This is for those who are from Bihar but are doing big business in other parts of the country or abroad,” Shahnawaz said.

The industry minister claimed that the industrialists coming to Bihar will be given a red carpet welcome. “We are working a lot on ease of doing business. We are providing land and other things required not in months, weeks or days but in hours,” he said.

Source: timesofindia.com– Jun 07, 2022

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Govt looks to restructure export promotion councils, aims to boost growth

The Union government is working towards a restructuring of export promotion councils that will focus on achieving high export growth set for the next five years.

The government has delegated PwC India the responsibility of preparing the primary report. Once the report is prepared, the department of commerce and the government's think tank NITI Aayog will look into the recommendations of the consulting firm for implementation, people aware of the matter told Business Standard.

"The process is on. Once the government gets the primary report, a further plan of action will be worked upon," one of the persons cited above said.

The discussion on restructuring of export promotion councils have been going on for over three years now, as export targets were not being met. Export growth had stagnated for nearly a decade, barring the financial year 2021-22, as the global economy started recovering from the disruption created by Covid-19 and external demand picked up.

Otherwise, from 2012-2020, merchandise exports from India hovered around $260-330 billion, with the highest ever value of exports being $330 billion in FY19. Thereafter, exports worth $420 billion were achieved only in the previous financial year.

"The idea is to look into what needs to be done to boost export growth, identify where some of these councils may be lagging and how it can be fixed.

Lot needs to be done to strengthen these councils," the official said.

Currently, there are 25 export promotion councils, with 14 under the department of commerce and the rest under the textiles ministry. The idea behind setting up an export promotion council was to boost overseas trade, promote government schemes for exporters, support exporters in increasing their exports, organise trade fairs, buyer-seller meets, among others. They also facilitate communication between the exporters and the government.

The department of commerce has set a lofty $1 trillion export target that it aims to meet by FY28.

Separately, the department is also working towards a revamp to make it future-ready and achieve robust and sustained high export growth. The revamped department will have a more coherent trade promotion strategy with clear targets and execution accountability, especially at a time when India is also negotiating a bunch of trade deals.

“The revamping of the commerce department is aimed at further building on its strategic direction and aspirations for the next decade. There is also a need for scaling up and re-engineering the operation model with enhanced 'new-age' capabilities and to move from inherent traditional roles to new roles,” the department had said earlier this year.

Source: business-standard.com– Jun 07, 2022

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Government mulls index to gauge logistics costs

As it works out a national logistics policy, the commerce & industry ministry is weighing a proposal to roll out an index to gauge the country's logistics costs. The move assumes significance, as there has been no official estimate of logistics costs in India, and one of the key objectives of the new policy is to bring down such costs, which have long been blamed for eroding the country's export competitiveness.

"We are actively considering working out a framework for the assessment of logistics costs and also the possibility of having an index, which can help us in the determination of and/or monitoring of logistics costs at any point of time," a senior official told FE.Some private agencies have pegged India's logistics costs at 13-14% of its gross domestic product (GDP).

But some experts have raised questions over the methodology used by the private parties to arrive at such costs, given the fragmented nature and the complex dynamics of the logistics sector, and opaque pricing models adopted by relevant players. However, for these very reasons, estimating the actual logistics costs will warrant an elaborate exercise.

The new policy will likely set an ambitious target of reducing the costs by up to five percentage points over the next five years. Encouraged by the Centre and acknowledging the growing importance of keeping logistics costs at reasonable levels, eight states have adopted their own logistics policies.These states are Gujarat, Uttar Pradesh, Haryana, Assam, Telangana, Kerala, Bihar and Chhattisgarh, official sources said. More states are following suit.

An earlier draft of the national logistics policy, firmed up in 2019, had aimed to reduce such costs to 9-10% of GDP but the ministry had then flagged the absence of an official logistics indicator.

The logistics sector in India remains very complex, with the involvement of more than 20 government agencies under various ministries, 40 partnering government agencies and 37 export promotion councils. They deal with 500 certifications covering 10,000 commodities.

The renewed thrust on reducing logistics costs came after the government created the new logistics division in the commerce department to develop and coordinate the implementation of an action plan for the integrated development of the logistics sector, by way of policy changes, improvement in existing procedures, identification of bottlenecks and gaps and introduction of technology in this sector.

According to a 2016 HSBC report, domestic bottlenecks, including high logistics costs, accounted for a half of the slowdown in the country's exports. The Economic Survey for 2017-18 had estimated that a 10% reduction in indirect logistics cost could lead to an export growth of 5-8%. India improved its ranking in the World Bank's Logistics Performance Index (LPI) from 54 in 2014 to 44 in 2018.

However, it trailed countries like Singapore (rank 7), South Korea (25), China (26), Taiwan (27), Thailand (32) and South Africa (33). Also, while it has done relatively well on "tracking and tracing" and "timeliness", its scores on "customs", "infrastructure" and "logistics competence" parametres of the LPI were lower than its headline LPI score in 2018.

A customs officials said several initiatives have since been taken to improve the performance, which would reflect in future ranking.The country's road logistics market alone is estimated to grow at a compounded annual growth rate of 8% to reach $330 billion by 2025, driven by factors, including a rapidly growing e-commerce sector and a growing retail sales market, according to a study by an arm of consulting firm RedSeer.

Source: financialexpress.com– Jun 06, 2022

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Revenue Deficit Grant of Rs. 7,183.42 crore released to 14 States

The Department of Expenditure, Ministry of Finance has on Monday released the 3rd monthly instalment of Post Devolution Revenue Deficit (PDRD) Grant of Rs.7,183.42 crore to 14 States. The grant has been released as per the recommendations of the Fifteenth Finance Commission.

The Fifteenth Finance Commission has recommended a total Post Devolution Revenue Deficit Grant of Rs. 86,201 crore to 14 States for the financial year 2022-23. The recommended grant is released by the Department of Expenditure to the recommended States in 12 equated monthly instalments. With the release of 3rd instalment for the month of June, 2022, the total amount of Revenue Deficit Grants released to the States in 2022-23 has gone up to Rs. 21,550.25 crore.

The Post Devolution Revenue Deficit Grants are provided to the States under Article 275 of the Constitution. The grants are released to the States as per the recommendations of the successive Finance Commissions to meet the gap in Revenue Accounts of the States post devolution. The eligibility of States to receive this grant and the quantum of grant for the period from 2020-21 to 2025-26 was decided by the Fifteenth Commission based on the gap between assessment of revenue and expenditure of the State after taking into account the assessed devolution during this period.

The States who have been recommended Post Devolution Revenue Deficit Grant by the Fifteenth Finance Commission during 2022-23 are : Andhra Pradesh, Assam, Himachal Pradesh, Kerala, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Sikkim, Tripura, Uttarakhand and West Bengal.

State-wise details of Post Devolution Revenue Deficit Grant recommended for 2022-23 and the amount released to States as 3rd instalment are as under: Click here for more details.

Source: pib.gov.in– June 06, 2022

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FM Sitharaman reviews 'bad bank' implementation progress, status of regulatory approvals

On Monday, Finance Minister Nirmala Sitharaman reviewed the progress in setting up the National Asset Reconstruction Company Ltd (NARCL), which is popularly referred to as the "bad bank" as it is intended to take over large value NPA accounts (over ₹500 crore) from the banks.

"The Finance Minister was apprised of the progress achieved and took note of the approvals and permissions received for both #NARCL and #IDRCL from the government and regulators. The Boards of both #NARCL and #IDRCL, including MDs, are in place, " said a tweet from Finance Ministry.

With the account-wise due diligence nearing completion, the first set of accounts is expected to be transferred during July 2022. The remaining accounts are proposed to be taken over within the third quarter of the current financial year, according to the Finance Ministry.

It may be recalled that the Union Cabinet had last September approved a government guarantee of ₹30,600 crore for securities and receipts issued by NARCL. NARCL is expected to pay up to 15 per cent of the agreed value for the loans in cash, and the remaining 85 per cent would be government guaranteed receipts. These guarantees can only be invoked by banks on resolution or liquidation of the said assets.

NARCL will take up 100 per cent of provided bad loans from lenders worth ₹2 lakh crore, of which ₹90,000 crore will be transferred in the first phase. Sitharaman had in her 2021-22 budget speech announced the creation of NARCL, or "bad bank," to resolve large cases of stress. Public sector banks have 51 per cent ownership in NARCL, which was incorporated in August 2021.

Along with NARCL, a debt resolution firm, India Debt Resolution Company Ltd (IDRCL), has now been set up. IDRCL is a service company or an operational entity that will manage assets and bring in market professionals and turnaround experts. Private lenders own a majority shareholding in IDRCL.

Source: thehindubusinessline.com– June 06, 2022

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SIDBI's 59-min loan scheme: Total sanctions to MSMEs near 2.5 lakh involving over Rs 80k crore so far

Credit and Finance for MSMEs: Bank loans sanctioned to micro, small and medium enterprises (MSMEs) under SIDBI's 59-minute loan approval scheme as of June 1, 2022, stood at 2,40,852 involving Rs 81,690 crores, according to MSME Ministry's monthly data on PSB-Loans-in-59-minutes programme. Out of total loans sanctioned, 2,23,507 loans involving Rs 66,256 crores were disbursed so far.

Moreover, during the first two months (April-May) of the financial year 2022-23, around 1,101 loans were sanctioned while 818 were disbursed, data indicated as sanctioned loans as of April 1, 2022, were 2,39,751 while loans disbursed were 2,22,689.

Launched in November 2018, the scheme enables in-principle bank approval for collateral-free term loans or working capital loans to MSMEs from Rs 1 lakh to Rs 5 crore.

However, the amount disbursed via the scheme had only a single-digit share of 4.63 per cent in the total bank credit of Rs 17.63 lakh crore to MSMEs in April 2022. The latest data on sectoral deployment of bank credit was released by the Reserve Bank of India on May 31, 2022.

While the borrower doesn't need to pay for registration on the portal, a Rs 1,000 payment is required by borrowers whose loan application matches with products of lenders and wants to receive an in-principle approval, according to the scheme's FAQs. Moreover, the time taken for loan disbursement after the approval is based on the information and documentation provided by the borrower on the portal and banks.

"The more accurate the data, the sooner you will get disbursal. Generally, post in-principle approval, the loan is expected to be sanction/disbursed in seven-eight working days," according to the portal.

In terms of collateral, while borrowers without collateral security can avail business loans through the portal under the CGTMSE scheme, it is as per lenders' discretion to seek collateral from borrowers to disburse loans. In FY22, only 9,868 loans involving Rs 5,197 crore were sanctioned, of which 8,155 loans amounting to Rs 3,729 crore were disbursed.

The portal had partnered with over 21 public and private lenders including SBI, Punjab National Bank, Bank of Baroda, ICICI Bank, Kotak Mahindra Bank, and IndusInd Bank to disburse loans.

Source: financialexpress.com– June 05, 2022

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Russia, Europe eye India trade route

The Russia-Ukraine war and the stringent sanctions on Russia by the West have thrown up more opportunities for India's businesses than earlier anticipated.

Defence production and maintenance, shipbuilding and oil refining are three areas where Indian firms are already beneficiaries or have at least received enquiries from potential importers.

India's petroleum products exports, which surged 161% in FY22 to $67.5 billion, partly driven by a rise in prices, will get a further fillip in the current year with several European countries resorting to India to source refined products from Russia's Urals crude, which is out of bounds for them.

Currently, discounted Russian crude allows private Indian refiners Reliance and Nayara to realise over $15-$18 per barrel from the export of refined products to Europe and the US. This compares with $7-$9 per barrel in March-April when the majority of discounts were taken by traders.

Given the possibility of a prolonged stand-off between Moscow and the West and the chances of a steady supply of Russian crude to India at relatively lower rates, India's private oil refiners may go for capacity expansion in the short term to raise supplies to Europe. Eventually, the changed structure of crude sourcing could even let India realise its goal of becoming a refinery hub.

Anish De, partner at KPMG India, said: "There is strong potential for India to emerge as a refinery and petrochemical hub for Europe as they look for an alternative to China. India has an advantage in terms of scale, location, skillsets and technology to play the part that China had played for Europe in the past." De believes that the change will happen in the coming decade even with the transition to electric vehicles.

However, analysts say the gains from oil exports to Europe may largely be limited to private refiners as state-run oil marketing companies have the obligation to cater to domestic demand first.

Among the top importers of oil products products from India last fiscal, only Netherlands figured from Europe, while the bulk of the shipments were to Singapore, the US, Australia, South Korea and Indonesia.

According to sources, hit by supply disruptions, Russia's defence companies have approached Indian firms seeking to buy various components for naval shipbuilding and defence equipment. These firms are also looking to recruit Indians as the exit of skilled shipbuilding professionals, post the breakout of war, has created a manpower shortage. Some European companies, which purchased defence and shipbuilding articles from Russia, now want India to assemble these products and supply them.

Further, firms from Africa and South East Asia, which have conventionally been reliant on Russian defence platforms, now want India to provide the maintenance repair and operations (MRO) services for such equipment. "We have been approached by original equipment manufacturers from Russia and Europe for joint venture participation. The firms have agreed to give the technology support needed for creating manufacturing and assembling facilities in India," an industry source said.

Russia-made naval ships may be repaired in India, with that country's consent to share technology.

According to people in the know, Russian collaborators are more than eager to join hands with India for the Atmanirbhar Bharat plan. They are also keen to participate in the civil mercantile marine area to build platforms and ships for the Inland Waterways Authority projects — National Waterways-I from Varanasi to Paradip and other infrastructure building activities, the sources added.

In the decade between 2011 and 2021, India imported $22.8 billion worth of arms from Russia, its largest supplier. The purchases during the period were up 42.5% over the previous decade.

Of course, as far as supplies to Europe are concerned, India refiners will have to face stiff competition from those in West Asia. "The options available to Indian firms would be to sell on the high seas as long as the discounts on Russian crude continues. India will also have to increase it refining capacity going ahead as the current capacity is good enough only up to 2030," a consultant said.

The government had a decade ago announced a plan to make India a regional refinery hub. Since then refining capacities have been enhanced both on the eastern and western coasts, but the rise in exportable surplus has been moderate due to a steep rise in domestic consumption.

Indian crude oil refiners — IOCL, HPCL, BPCL, RIL and Nayara — are currently sourcing more than 0.8 million barrels per day of Russian Ural crude that is discounted at a huge $35 per barrel.

India's refinery throughput is roughly 89% of the installed capacity of 249.88 million metric tonne per annum (mtpa). This leaves significant capacity to serve new export markets, mostly in the private sector.

Analysts say India will have around 1.5 to 2 times its current refinery capacity in the next 20-25 years.

India's consumption of petroleum products stood at 202.7 mtpa in FY22, up from 194.3 mtpa in FY21, but lower than the pre-pandemic level of 214.1 mtpa (FY20). The country exported 61.8 mtpa of petroleum products worth $42.3 billion in FY22, while imports touched 40.2 mtpa ($24.2 billion).

Source: financialexpress.com– June 07, 2022

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What did textile industry get?

The positive export result, good growth of many companies, and IPO by various textile and garment, and retail companies shows that textile industry is now growing. After a struggle of two years, now the industry has got momentum and the next two years have the potential to give it a shape for the long run.

Our Union government has completed eight years and celebrating it in various ways. When it comes to the economy and especially to our textile and garment industry, I was able to count eight major steps of the government.

But before coming to these points, I must say that the most important point is that the government has realised the importance of the industry and perhaps it was the first time in the history of India, especially in the last few decades one Prime Minister invited the delegation from textile and garment industry, listened to them. Similarly, in the last one year, the Ministry of Textiles and Industry both have a different level of understanding with each other.

How much have these steps benefitted the industry and what are the visible results, one may say that it depends that how you take it, and how much you believe in the government. But, we must agree that such steps were required for the industry and have benefitted to create good sentiments.

During these eight years, we witnessed milestone steps like GST implementation and demonetisation. No doubt, the industry from top to bottom witnessed a lot of challenges initially and but in long run, the economy got benefited from GST and it benefitted the industry also.

The government's core job for the industry is to support by policies and provide support as and when required. And government has done it well. Almost six years ago, the Union government announced the package of Rs 6,000 crore for the industry with the aim to create jobs and to attract fresh investment. Now Production Linked Incentive (PLI) scheme is worth appreciating as it gives a push to manmade fibre and technical textiles.

And the industry's overwhelming response to this scheme shows how the industry has welcomed it. Similarly, PM Mega Integrated Textile Region and Apparel (PM MITRA) has pushed States to go for massive infrastructure. Nearly all big States or States having a good size of textile industry have not only applied for the park, and they are actively working also to get at least one park under this scheme. Technical textiles is another segment, which is focused by the government and the thing taking shape on the ground level shows that India has a better future in this domain.

Labour law reforms, various steps for ease of doing business and a package for MSMEs to save them from Covid-19 pandemic impact are also some of the initiatives that prove that government has a pro-industry mindset and understands the importance as well as the potential of the textile industry. Recent FTAs with the United Arab Emirates and Australia will also benefit the Indian textile and garment export along with the other industries.

Startups is a major focus for government and cover from e-commerce to fintech, D2C brands, there are many good startups in our industry that have grown well in the last few years and have the scope to grow further. The government deserve full appreciation for the startup revolution.

There are many small and big schemes related to India's traditional crafts from handloom to handicrafts and the celebration of Handloom day every year on August 7 is also a milestone initiative as it directly strengthens India's grass route textile.

There are many more decisions taken by the government but without going into the detail, I must say that the positive export result, good growth of many companies, and initial public offering (IPO) by various textile and garment, and retail companies also shows that the industry is now growing.

The next two years are highly important for the industry as well as the government as things at the international level are taking shape differently and so far China to Sri Lanka, most of the developments are in India's favour. After a struggle of two years, now the industry has got momentum and the next two years have the potential to give it a shape for the long run.

Time and again, the various Ministers have said on the public platform that Industry should not look to the government for support, subsidies etc. But government steps show that it has supported the industry completely.

And in the next two years, if the policy implementation especially, PLI and MITRA scheme takes place properly then it will benefit the whole industry and it will open many paths to further growth.

Source: thehansindia.com– Jun 06, 2022

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Arvind Limited gradually cuts down its garment capacity in Ethiopia

With uncertainty looming over extension of the African Growth and Opportunity Act (AGOA) Treaty, Arvind Limited is gradually cutting down its garment capacity in Ethiopia.

“During the year we completed a restructuring of some of our facilities across India and also started to gradually bring down capacity in Ethiopia. We had shared that the AGOA Treaty has been kind of cancelled for now and hence duty-free exports from Ethiopia to the US have been halted.

As such, the traffic for that location has come down, so we have started kind of reducing the footprint there. So, our installed capacity has come down to about 50 million pieces or so,” Samir Agrawal, chief strategy officer at Arvind, told analysts in a post-earnings call recently.

Enacted in 2000, the treaty, which offers duty-free access to the US from sub-Saharan African countries, was renewed till 2025 in 2015 but faces uncertainty over its further renewal.

However, for Arvind, the move to shash garmenting capacity in the African country is set to be compensated by fresh capital expenditure plans in India.

According to Agrawal, during FY23, the company set aside Rs 200 crore towards capacity augmentation in its advanced material division and garmenting businesses, as well as certain cost optimisation projects for fabric business.

Source: business-standard.com– Jun 06, 2022

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